

LEARNING FROM A RECENT SAN JOSE STORY WHICH DESTROYED POSITIVE HISTORICAL ECONOMIC LEADERSHIP: ECONOMIC POLICY SUGGESTIONS

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This is a positive San Jose/Santa Clara County historical economic story for our government for all time. It shows a stark contrast to current government policies which destroy this economic history. This story demonstrates economic policies which are destroying San Jose's image and economic vitality. It shows the economic leadership of our early founding fathers and the steps they took to ensure a secure positive financial future. Unlike today, these early leaders did not put its citizens into debt to build its public buildings with instant buildings or programs. Instead, they developed plans with phases, assessed the best way to make money for a specific project, raised the money, and then phased in the next step with the money they raised. Rather than tear down and start everything anew, they built onto each step of their vision.

The saddest part of this story is when modern economic thinking collides with the old economic order and quickly destroys the good that historical leaders created over many years. After reading this one will ask why our government decides to destroy the economic heart and soul of a historical gem. On the last page are policy suggestions for the San Jose Envision 2040 General Plan Task Force which evolve from this story.

This is the story of the vision and development of the Santa Clara County Fairgrounds. It was established in 1939 by civic leaders. The Fairgrounds is located between the Guadalupe and Coyote Rivers one mile south of downtown San Jose. It is 150 acres and is located on Monterey Road, California's Grand Road also known as El Camino Real, the road which connects all 23 California missions.

REASONS WHY SANTA CLARA COUNTY LEADERSHIP SELECTED THE CURRENT FAIRGROUNDS SITE ON TULLY AND MONTEREY ROADS

1. Close to the county's main population center (one mile from downtown San Jose);
2. On a main highway (Monterey Blvd., the original #101 and the state's grand highway, the El Camino Real);
3. Between two major arteries, the future Bayshore Highway (#101) and Monterey Blvd.;
4. **It had a "settled established one mile track" for horse racing for immediate income. This was an historical track which was established in 1909 as the San Jose Driving Park and in the 1920s was used for Wing Walking.**

These reasons demonstrate early visionary county leadership in this selection process. This economic decision was made in 1939 with nine other choices before them.

EARLY FAIRGROUNDS ECONOMIC LEADERSHIP

1. The race tract cost \$18,000 to upgrade in the 1930s. By the standards of the day this was very costly. The vision to purchase the property for immediate financial benefit to the development of

the Fairgrounds and for future generations is something we are not seeing in today's County and city leadership.

2. In 1933 the citizens of the State of California approved **a measure which allowed for four percent of receipts from race tracks given to the State for its Fairs and Expositions Fund which was then passed to each county fairground.** The passing of this measure led to the creation of the State Department of Fairs and Rodeos. **This was the money used to build, maintain, and develop the Santa Clara County Fairgrounds.**

3. **The county's historical leadership understood the importance of the Race Track and how it would be a continual source of funds for the Fairgrounds. Understanding this, the first major project the County Fair Association (CFA) undertook after WW2 was the grandstand for the race track.** It was completed in 1949. The CFA was then able to use this as the centerpiece for the annual Fair and also for many events throughout the year. This race track was famous all over the country. The grandstand was so important that they built a roof on the grandstand which was completed in July of 1957.

4. **Because of this early open space/economic vision, the Fairgrounds was able to attract some of the biggest and best folk and rock concerts in northern California. According to Jud Cost in San Jose Rocks Magazine, "The most star-studded shows ever presented at the Santa Clara County Fairgrounds must have been the pair of Northern California Folk-Rock Festivals of 1968 and 1969. The musical glories of Woodstock and the Monterey Pop Festival are indisputable! That pair of Northern California Folk-Rock Festivals, flying under the radar of public awareness to this day (because it had no television coverage), sported an avalanche of talent that was the equal of any festival Ever!"**

The May 1968 Northern California Folk Rock Festival (one week-end) included the Jefferson Airplanes, Jim Morrison and the Doors, Janis Joplin, Big Brother and the Holding Co, Eric Burdon and the Animals, Country Joe and the Fish, the Electric Flag, and Youngbloods. The May 1969 Festival included Santana, Spirit, Chuck Berry, Steve Miller Band, Muddy Waters Canned Heat and the Chambers Brothers, and Led Zappelin with England's Yardbirds.

San Jose Rocks says of the many Fairground rock events: "These venerated old grounds have seen it all." Following were some of the groups that performed at the Fairgrounds in addition to those mentioned above who returned because of its reputation: Jimi Hendrix, Cat Stevens, Mamas and Papas, Ravi Shankar, Credence Clearwater, Taj-Ma-Hal, Rick Nelson, Everly Brothers, Lovin Spoonful, Emmylou Harris, Syndicate of Sound, Count Five and Jay Leno. The Lowrider Ball was also held here. **When asked by TV host Dick Cavett if anything had ever rivaled Woodstock, he was quick to respond: "San Jose!"**

BUILDING ON ECONOMIC HISTORICAL LEADERSHIP AND VISION APPEARS TO HAVE DISAPPEARED

1. It is unfortunate that the County Supervisors decided to tear down the Fairgrounds track (1999) and Grandstand (2001) with no reason or plan for the land's future. It could have continued to bring in funds to Santa Clara County instead of sitting unused while our county went into deeper debt. Another example of a Fairgrounds money maker and national tourist attraction was the annual 20 year old "San Jose Mile". This was an annual motorcycle competition which was 100 laps. The only other place where this event took place was in Syracuse, New York. However, it was stopped when the one mile track was torn down. **The best and biggest fairgrounds in**

California have race tracks and grandstands and use them to bring in year-round funds and for large events. They are also our only opportunity for a centralized Disaster Relief headquarters and for huge fund raising events like the Olympics. The following Bay Area County Fairgrounds all have arenas and grandstands which are much better maintained and cared for than ours: Contra Costa, Alameda, Sonoma, and Santa Cruz. San Francisco has a track in Golden Gate Park. This grand park was the original San Francisco Fairgrounds.

2. With the success of the track/grandstand events, the State Department of Fairs and Rodeos sent the Santa Clara County government about \$500,000 per year. The 1933 measure passed by California citizens to create funds from the State's race tracks for fairgrounds would be a source of income for the county fairgrounds for many years to come. In the early 1990s the County government began placing this race track fund into their General Fund rather than sending the money directly to the place it had always gone, the County Fairgrounds. This was not uncovered until several years later after the original Santa Clara County Fair Association declared bankruptcy. A number of years later the County purported to have put \$5.2 million into the Fairgrounds Capital Improvement Funds but their earlier actions led to disbanding the Fairgrounds leadership and to the leadership of its founding fathers. **In recent years the County Supervisors have continually lacked the vision to bring the founding father leadership into the 21st Century and to see how it could uniquely contribute to the County financially as well as to meet the needs of its citizens.**

3. In 1988 the Fairgrounds hit its peak attendance of 650,000. Representatives from the State Fair visited it to find out the secret of its success. Voters also approved a bill that allowed satellite wagering on horse races. Daily simulcast horse races were broadcast to a structure maintained on the fairgrounds, and bets could be placed on-site.

4. In 1988 the Santa Clara County Fair Association contracted with a consulting firm to research the best way to develop the fairgrounds to continue to draw crowds and income. The cost was \$600,000. The consultant's conclusion was to build a sports arena similar to the Sharks Stadium. Unfortunately, San José's Redevelopment Agency took this research and idea and coordinated efforts to pass the Fund Arena Now measure for the Sharks Stadium. Ground breaking was slated for 1991. The Sharks Stadium opened in 1993. San Jose never repaid the Santa Clara County Fair Association for its \$600,000 consultant report.

5. In 1994 the Santa Clara County Fair Association, which had managed the fairgrounds for nearly 50 years, began its bankruptcy proceedings. In 1996 they declared bankruptcy. With no one managing the Fairgrounds, the County Board of Supervisors created the Fairgrounds Management Corporation (FMC), a non profit organization answerable to the Board. Immediately FMC began running the fairgrounds into the ground by reducing events, halting the auto racing, demolishing the race track (1999), and demolishing the grandstand (2001). This area had been the heart of the Fairgrounds income generating events since its creation in 1939 and now it was gone. Shortly thereafter the County demolished the Sheep Swine Building, the heart of the 4-H and FFA animal programs. The reason for these demolitions was that the House of Blues would build an outdoor amphitheater on the race track area of the fairgrounds but there were no contracts and it never transpired.

6. Because of the 40 year old nationally famous Fairgrounds San Jose Speedway, (1948 to 1999) in 2000 NASCAR, the largest organization for car racing events in the country, offered to build a permanent Fairgrounds stadium and to upgrade the racing track for three to four week-end races a year with a minimum guaranteed income of one million

dollars per year. The County Supervisors turned the offer down and the following year they tore down the Grandstand. With this demolition and the 1999 race track demolition, the heart of the Fairgrounds was destroyed. **These demolition projects were done without public input or public hearings and with no secure plans for the land's future.** It is very probable that we will not get this kind nationally recognized offer again. The unfortunate thing is that the track was used for many kinds of income generating events and not just for car racing.

Once again San Jose took a Fairgrounds income generating idea and built a temporary downtown race track on public roads for the San Jose Grand Prix auto races. Unlike the financially successful 90 year old Fairgrounds race track, the downtown track lost money from the beginning and survived for three years (2005 to 2007). The public will never know how many millions of dollars San Jose lost on this venture.

7. Historically the Fairgrounds has had carnivals, Christmas light displays and crafts events, historical buildings, events for children, races, and nationally important concerts. The San Jose Downtown Business Association has taken these events away from the Fairgrounds and places them downtown. The Fairgrounds was designed for these events and downtown was not. Downtown places carnival and concerts tightly into downtown streets and parking lots. These activities need large pieces of open spaces which only places like fairgrounds can provide. This kind of economic planning is the reason why many San Jose residents dislike downtown and prefer never to go there. There should be unbiased research which asks citizens and tourists which kind of space they prefer for these activities rather than letting the downtown business community make such an important economic decision for entire city's future.

EXISTING AND PAST EVENTS

Historical Events: Carnivals; Competitions for animals (4-H and FFA); Boy and Girl Scouts and Campfire Girls events, home economics, plants, Miss Santa Clara County, music, comedy, acting, talent, freckle, greased pole climb, children's races, pie and watermelon eating, rolling pin throwing, dancing, horse shoe; large concerts, fireworks; Aloha dancing, crafts shoes, **largest fair in Northern California with the State Governor opening the events on the racetrack**, high school bands, American Legion, Army Navy and Marine Home Guard units, "God Bless America" solo, prayer; horse and car racing, large concerts, farm animals show, free dancing at night, parachute jumps, aerial acrobatics, free grandstand show, harness races, Demolition Derby, Christmas Craft Fairs, band concerts, Snow Cones, Corn Dogs, Cultural Food, San Jose Speedway, Sprint Car Racing (moved from Eastridge in East SJ), railroad car collection. The Valley's first electronic trade show was held here.

The San Jose Technology School carpentry class built many structures on the property including the horse stalls. The Depression's government public works program was also used for fairground projects. Many things were purchased for the Fairgrounds from the Golden Gate International Exposition on Treasure Island which ended in October, 1940 at the time the Fairgrounds was beginning. In 1950 San Jose celebrated the State's centennial by constructing a replica of the first Capitol which was located in San Jose. It was erected in City Hall Park. After the Centennial was over the replica was moved to the Fairgrounds and became San Jose's historical museum directed by San Jose's historian, Clyde Arbuckle.

The San Jose Speedway was another nationally recognized Fairgrounds event which lasted from 1948 to 1999. It had national auto races from 1948 to 1999 and motorcycle races from 1967 to 1993. Joe James, a National Sprint Hall of Famer, crashed and died on the track on November 5,

1952. He was so well regarded in the racing world that there is a Joe James Memorial Auto Race each year. The San Jose Speedway track today is an open space with mud and weeds bringing no funds into the county.

Events Today: The Fairgrounds encompasses 150 acres with seven major buildings all with different sizes to meet different venue needs, five event stages, an arena with 35,000 sq. feet, a satellite wagering facility, a replica of the State's first Capitol building, and several historical trains. Today the Fairgrounds has 750,000 visitors per year who visit the following events: 4-H and FFA events, annual Girls Scouts Jamboree, Northern California Volleyball competition, Paint Ball and Motorcross, concerts and dances (especially for Hispanics), Special Olympics, cultural events (Cinco de Mayo, Tet Festival, Ramadan prayers), Dog Training for hospitals, dog competitions, Citizenship Oath Taking Ceremony, doll shows, Tapestry Festival, electronic fairs, trade shows and expositions, science fairs, Home and Garden Show (three times a year), Planet and Comics and Cards Expo, Coin Show, private receptions (company events, quincineras, weddings, receptions), county vaccination clinics. The Fairgrounds South Bay Home & Garden s Show is produced by DMG World Media, the largest home show producer in the world. They produce shows in New York, London, and Los Angeles. This show is considered one of the best in California.

This economic story is the kind of story that makes San Jose look like a cow town rather than the tenth largest city in the United States. How can San Jose compete with other cities for business when it allows such stories to continue and makes no effort to discuss its mistakes and learn from them? San Jose is unique. It could be great if it builds on its history and its strengths. Today's economic leadership as exemplified in this story must stop if San Jose is to succeed financially, to turn its image into a visionary one, and to become one of our nation's great cities.

If the founding fathers of our Fairgrounds were alive today, they probably would make the following economic policy suggestions to the Envision 2040 General Plan Task Force:

1. Build on positive income generating history. Do not destroy history without good cause.
2. Do not build anything until there is money in the bank to build it.
3. Consider building in phases but make sure it is completed before starting new projects.
4. Before building anything, before creating new programs, and before hiring new employees, create a permanent income generating source to pay for them.
5. If something is not working, the government leadership should ask its citizens what they think rather than spend needless money to make it work. Work with the county and adjacent cities and stop fighting or ignoring them.
6. Study, research, and visit great examples before spending public money and public employee time on new ideas. Use foundations to help with this process. The best idea may take many years to come to fruition. It is more important to our future than creating a mediocre partially completed idea. (Diridon Station, Ball Park)
7. Do not rush into a project just because a politician wants to make a name for himself, because a lobbyist needs work, or because the unions need immediate jobs. Create long term diverse jobs and do not rely solely on short term thinking.

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